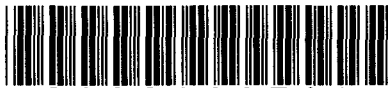


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Brownstein | Hyatt  
Farber | Schreck

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## Memorandum

**Via Federal Express**

Gina Lane  
805.882.1470 tel  
805.965.4333 fax  
GLane@bhfs.com

**DATE:** May 17, 2010

**TO:** Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

**FROM:** April Robitaille, Assistant to Bradley J. Herrema

**RE:** In the Matter of the Application of Arizona-American Water Company  
Docket Nos. W-01303A-09-0343 and SW-01303A-09-0343

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Enclosed is an original and 14 copies of our Notice of Filing Witness Summary. Please conform one of the copies, and return it to us in the envelope provided. Thank you for your consideration.

:aar  
Enclosures

SB 545847 v1:098000.0015

Arizona Corporation Commission

**DOCKETED**

**MAY 18 2010**

DOCKETED BY	
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AZ CORP COMMISSION  
DOCKET CONTROL

2010 MAY 18 P 2:49

**RECEIVED**

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

KRISTIN K. MAYES  
Chairman

GARY PIERCE  
Commissioner

PAUL NEWMAN  
Commissioner

SANDRA D. KENNEDY  
Commissioner

BOB STUMP  
Commissioner

2010 MAY 18 P 2:49

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY ITS  
ANTHEM WATER DISTRICT AND ITS  
SUN CITY WATER DISTRICT

DOCKET NO. W-01303A-09-0343

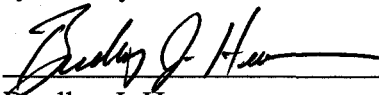
IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PLANT  
AND PROPERTY AND FOR INCREASES  
IN ITS RATES AND CHARGES BASED  
THEREON FOR UTILITY SERVICE BY ITS  
ANTHEM/AGUA FRIA WASTEWATER  
DISTRICT, ITS SUN CITY WASTEWATER  
DISTRICT AND ITS SUN CITY WEST  
WASTEWATER DISTRICT

DOCKET NO. SW-01303A-09-0343

ANTHEM GOLF AND COUNTRY CLUB'S NOTICE OF FILING WITNESS SUMMARY

The Anthem Golf and Country Club ("Club") hereby files the summary of the Direct  
Testimony of Desi Howe pertaining to the Club's turf irrigation water use and supplies and the  
establishment of a reasonable rate for the sale of wastewater effluent produced by the Anthem  
Wastewater District.

1 RESPECTFULLY SUBMITTED this 17th day of May 2010.

2 By:   
3 Bradley J. Herrema  
4 Brownstein Hyatt Farber Schreck, LLP  
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**PROOF OF SERVICE**

ORIGINAL and thirteen (13) copies of the  
of the foregoing filed  
this 17th day of May 2010 with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, Arizona 85007

Copy of the foregoing served,  
by United States Mail,  
this 17th day of May 2010, to:

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26 Scottsdale Citizens for Sustainable Water  
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28 Scottsdale, AZ 85250

Dated: May 17, 2010

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RUCO  
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April Robitaille

**SUMMARY OF TESTIMONY OF  
DESI HOWE**

The Anthem Golf and Country Club (the "Club") is a 36-hole championship golf course located in Anthem. The Club is the largest non-potable irrigation water customer in the Anthem Water District. The Club maintains its golf courses through irrigation with treated wastewater effluent provided by Arizona American Water Company's ("the Company") Anthem Water District. Based on the Anthem community's location and a Maricopa County ordinance precluding the Club's extraction of groundwater for irrigation purposes, the Company represents the Club's sole irrigation water supply.

The Club receives water for irrigation purposes from the Company pursuant to its Anthem Water District Non-Potable Irrigation Rate. The present rate is \$1.43/1,000 gallons and the Company has proposed an increase of roughly 79% to \$2.5648/1,000 gallons. If approved, since 2008, the rate will have been raised from \$0.62/1,000 gallons to \$2.5648/1,000 gallons – an increase of greater than 300%. Irrigation water is the largest component of the Club's annual utilities budget and this increase would make water an even larger component of the Club's current budget.

The Company is not proposing rate design changes at the district level, and has not prepared a cost of service study for this case, but allocated requested revenue requirement increases by district pro-rata to each customer class/tariff for that district. Since it has not submitted a new cost of service study, the Company has indicated that it will accept any party's use of cost of service data from the previous rate case for each district.

The present and proposed rate structure in the Anthem Water District disproportionately allocates the costs of service to Non-Potable Irrigation Rate customers. This does not achieve either of the objectives of having rates represent costs of service or inducing water conservation. The Club has implemented efficient irrigation technology and its water use is dictated by limits set by the Arizona Department of Water Resources and the weather. The Club is already incentivized to use as little water as possible, as a means of reducing its own irrigation costs, which represent the Club's largest operating utility expense.

The Club is also concerned as to the allocation of effluent costs as between Non-Potable Irrigation Rate customers and the extent to which these may overlap with wastewater treatment costs being recovered through wastewater rates. It is unclear to the Club why in the Anthem District effluent is sold by the Water District, when it is generated by the Wastewater District, when other Company Wastewater Districts, such as the Mohave Wastewater District, have a separate "effluent tariff."

The Club is interested in additional detail on any alternative Company proposal that would limit any increase in the Non-Potable Irrigation Rate, including any framework for non-potable rates established in conjunction with the recommendations of the Arizona blue ribbon panel on water sustainability. The Club does not take a position on rate consolidation, but defers to the Commission's discretion as to whether consolidation should be ordered in this case.